Three and a half billion people live in countries rich in oil, gas or minerals, according to World Bank estimates. The tragedy is that so many of the countries endowed with great natural resource wealth remain home to some of the world’s poorest communities.

In developing countries, natural resources and energy markets generate revenue flows that dwarf the money entering governments’ coffers, such as through taxes or aid. A large portion of these funds never enter a government’s budget or pay for key social programmes that are direly needed by a country’s citizens. The reason? In many cases: corruption.

Panellists in the ‘Fuelling Transparency and Accountability in the Natural Resources and Energy Markets’ plenary session explored ways to bridge this gap by increasing transparency, ensuring accountability and empowering citizens to take a more active role as public watchdogs. For Karin Lissakers, Director of the Revenue Watch Institute, ‘transparency is a critical component.’ In the last decade, it was widely acknowledged that transparency has come a long way in the extractive industries. These advances were attributed to early coalitions between civil society, governments and private sector actors.

Peter Eigen, Chair of the Extractive Industries Transparency Initiative, calls this partnership the ‘magic triangle’. The initiative aims to get the signatory governments to transparently publish the revenues that they receive from extractive industry companies, so that it is accessible to the nearly 500 million people living in these countries. While the data will not feed children, alleviate poverty or end corruption, the information provides a powerful lever for demanding better global governance, greater accountability and increased citizen engagement. And, as seen in the case of Angola, such global standards have encouraged greater revenue transparency across the board from resource rich countries that are not yet signatories to the initiative.

Positive change is also seen in certain anti-corruption legislation, both nationally and internationally. For example, the adoption of the Dodd-Frank law in the US will require all oil, gas and mining companies...
listed on US stock exchanges to publish revenue payments, country-by-country. When the far reaching bill is put into practice in 2013, it will cover 29 of the 32 largest oil companies and eight of the 10 biggest mining companies in the world. Globally, the UN Convention against Corruption and the OECD anti-bribery convention have also contributed to increasing the transparency and accountability levels of companies and governments.

However, as noted by the panelists, these advances do not go far enough. The OECD convention does not include some emerging powers as signatories. National legislation is not always enforced and many signatory countries have been guilty of double standards when it comes to the behaviour of their businesses abroad. Moreover, as noted by Dr. Ashok Khosla, President of the International Union for Conservation of Nature, “there does not seem to be any limit to greed” despite the limits of nature.

The solutions for change, the panelists agreed, must be bottom-up (grassroots demands) and top-down (effective frameworks that are implemented). Needed measures include going after the money that is stolen where it is spent, and preventing the money from being spent, for instance through travel and visa bans, and real estate agents. Only then can corruption’s cut be squeezed out of the equation and natural resource wealth benefit the interests of the many.

Multilateral development banks and integrity

Multilateral Development Banks (MDBs) disburse millions of dollars in loans annually, making it critical that effective anti-corruption safeguards are in place. In April 2010, five MDBs signed a cross-debarment agreement. This effectively means that a company blacklisted by one of the banks can now be automatically debarred by the entire MBD community which, as Enery Quinones of the European Bank for Reconstruction and Development, noted ‘makes the cost of corruption instantly much more expensive for companies’. The special session brought together leaders from the integrity units of each bank to discuss the new initiative, in particular, the potential impact it can have for mitigating corruption risks in development projects.

The cross-debarment initiative has forced the banks themselves to revise their own debarment policies. For Clare Wee of the Asian Development Bank, this has meant making some changes to bring their own policies in line with the new agreement. Similarly the African Development Bank has had to ensure the independence of their investigatory procedures before they can formally take part in the cross-debarment initiative.

Apart from harmonising the MDBs’ anti-corruption policies, the goal of the initiative is to achieve a change in the corporate culture of companies that do business with them. The idea is to make the cost of sanctions and the cost of reputational damage too high a price to pay for companies tempted by corruption.

Transparency is a cornerstone of the agreement and a key provision is that the debarment of a company has to be made public before it is referred to the other MDBs for cross-debarment. Duncan Smith of the European Investment Bank, which does not publicise excluded companies, explained that this has meant that they have not been in a position to sign up to the agreement of cross-debarment. Instead, the bank is in the process of adopting a debarment policy which is in line with the European Commission’s fraud and anti-corruption policy. Civil society organisations, such as Transparency International, have long been advocating for a more transparent debarment process at the European level and the gap between the European institutions and the other development banks was again highlighted in this session.

The cross-debarment initiative is new and in many ways yet to be tested. However, the general consensus was that the initiative represents a step forward in deterring corruption and thereby potentially maximising the impact of development projects. Steve Zimmermann of the World Bank emphasised that while the multilateral banks do compete on many levels, they ‘should not compete on integrity’.

Corruption and human trafficking

“There is three times more human trafficking than when it was legal”, announced Dr. Alessandro Calvani, Director, ASEAN Regional Centre of Excellence on MDGs. While slavery is illegal on paper, this does not mean much to the victims of human trafficking. From immigration officials to executives in the private sector, turning a blind eye to corruption or accepting bribes continue to fuel the human trafficking industry.

Poverty, violence and human rights abuses force people to flee their situation in the hope of finding a better life. Often, “the public attitude towards smugglers can be quite positive,” said Professor Leslie Holmes of the University of Melbourne. However, as he and other panelists made clear, once people reach the destination country, hopes for a better life can come to an abrupt halt. It is often the case that the trafficker demands more money and the victim remains captive until their debts are paid off; in many cases being pushed into sexual exploitation or forced labour.

“This is about respecting the dignity of the people”

Dr. Alessandro Calvani, Director, ASEAN Regional Centre of Excellence on MDGs

The forms of human trafficking differ from country to country, but it affects both women and men. According to the International Organization for Migration, 52 per cent of traffickers are men, while 42 per cent are women. Some countries though, tell a different story. For example, women traffickers outnumber their male counterparts in Peru. Ricardo Valdes, from the Peruvian organisation Capital Humano y Social Alternitivo, said: “We thought that traffickers would be mainly male, but it is mainly women because it is easier for women to convince other women”.

Throughout the recruitment, transportation and exploitation of trafficked persons, corruption is what propels the process. The ‘goal of traffickers is to remain invisible,’ said Mr. Valdes. ‘And when they are visible, impunity is what allows them to continue.’

Whether it is the country of origin where the recruitment began or the country of destination where the exploitation begins, accountability is needed across the board. As Mr. Calvani said, ‘This is about respecting the dignity of the people.’ Where there is the trafficking of human beings, there is always corruption.
From your perspective, how does citizen demand underpin the effectiveness of the World Bank’s anti-corruption initiatives? What opportunities does the Bank see to help increase the role of citizens in fostering better governance?

The Bank works very actively with civil society organisations, as well as directly with people in terms of building effective demand for anti-corruption. If a citizen has knowledge and understanding of processes and the potential magnitude of corruption, they can form a very sound and credible check. This provides discipline for any government or policy maker to always abide by good governance and improve any vulnerability to corrupt practices. It is not just public awareness, it is also people’s capacity to exercise this demand. In our projects, good governance and anti-corruption are not just ticking a box to say they have been discussed. We equip and mobilise many of our stakeholders so they can monitor and control the quality of the work.

Earlier this year the World Bank and other regional development banks agreed to jointly exclude firms and individuals found guilty of fraud and corruption in development projects. Do you think cross debarment will enhance and harmonise anti-corruption procedures at the regional level?

Certainly that is the goal and part of ongoing discussion among all the multilateral agencies. The cross-debarment is progress in itself as a company found guilty of corruption can no longer participate in the projects of not just one institution but all of them. This makes the consequences of corruption very high. However, it cannot be expected that an agreement on the debarment will be automatically smooth from the start. Each institution had its own mandate and different legal frameworks. To be effective we need to further discuss the feasibility of having a more uniform position on policy and operational guidelines on administrative consequences in terms of the fairness and consistency of this punishment across the institutions.

A number of multilateral development banks, including the World Bank, have faced instances of corruption in their own projects. How have you dealt with them and what lessons have you learnt?

We now have a mechanism within the Bank to address the issue of corruption, whether it is a third party contractor or even involving our own staff. It is a process that has been designed to be fair to all of our staff facing such a situation. Of course, prevention is of equal importance. We treat our staff as a precious asset and they need to be provided with adequate guidelines. We want our staff to have the ability to prevent themselves from being in a situation that exposes them to this kind of risk. If the risk is there and cannot be eliminated though, we also want to make sure that our staff have clear guidelines when they have to take decisions under very difficult circumstances.

Following the news that you were likely to join the World Bank, you promptly became the fourth most talked about topic on Twitter. How do you see social networking contributing to the transparency agenda?

I think it will be very important. It is not only networking itself, it is also the speed that information is transferred. The supply and demand side of good governance and anti-corruption can be hugely enhanced with social networking. I think it will be a very powerful force to discipline the companies or institutions that do not commit to anti-corruption. Their punishment is not just financial or cross-debarment, but reputation. And reputation is becoming so big. I think we need to explore further how social networking can be used to provide more leverage for the anti-corruption movement globally, so the temptation to enter into corruption becomes much less.
**Did you know?**

Commonly used to say hello, thank you and goodbye, the Thai greeting referred to as ‘wai’ is a graceful sign of respect. The action consists of a slight bow with the palms pressed together, the higher the hands are held the more respect is shown. As one of the most important social customs in Thailand the gesture is always appreciated.

**Tip of the day**

As one of Thailand's most well-known national dishes, Pad Thai is a dish that you cannot afford to miss. The main ingredients include rice noodles, egg, fish sauce, tamarind juice and red chilli pepper, plus a combination of bean sprouts, shrimp, chicken or tofu, with crushed peanuts, coriander and lime.

The popularity of the dish began in the 1930s and 1940s by a former prime minister, partly for a campaign to reduce rice consumption in Thailand.

**How to say**

สวัสดี sa-wat-dee
Good morning, good evening, good afternoon, good night, hello, good-bye

สวัสดีครับ sawatdee krup
Hello (male speaker)

สวัสดีค่ะ sawatdee kaa
Hello (female speaker)

กรุณา ga-ru-nah
Please

ขอบคุณ kop koon
Thank you

**Useful information**

Tourist Police: 1155
Ambulance and Rescue: 1554
Medical Emergency: 1669

**Important information**

- **Social media**
  14th IACC social media pages including the blog: www.14iacc.org/social
  Twitter: www.twitter.com/14iacc
  If you are tweeting, please mark your tweets with the hashtag #14iacc
  Join the 14th IACC facebook group!

- **Maps and directions**
  - Zone A: Ballroom, Hall A
  - Zone B: Plenary Hall, Lotus, Meeting Room
  - Zone C: C 1-3, The Atrium
  - Zone D: The Plaza

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